

---

**TITLE 68 INDIANA GAMING COMMISSION**

---

**Economic Impact Statement**  
LSA Document #11-385**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

IC 4-22-2.1-5(a) provides that an agency that intends to adopt a rule under IC 4-22-2 that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in IC 4-22-2.1-5(b). That statement must be submitted to the Indiana Economic Development Corporation (IEDC). The IEDC is required to review the rule and submit written comments to the agency not later than seven days before the public hearing.

In 2010, the General Assembly adopted House Enrolled Act 1086, which repealed the boxing statute codified at IC 25-9-1 (under which the State Athletic Commission regulated boxing) and created a new boxing and mixed martial arts statute that became codified as IC 4-33-22.

The new statute transfers the regulation of boxing from the State Athletic Commission to the Indiana Gaming Commission (Commission) and also grants the Commission the duty of regulating the sport of mixed martial arts. As part of the transfer of regulatory authority, rules adopted by the State Athletic Commission became the rules of the Commission.

The proposed rule repeals 68 IAC 22 and 68 IAC 23 and adds 68 IAC 24. The proposed rule provides a comprehensive set of regulations to govern the administration of boxing and mixed martial arts by the Commission.

The proposed rule contains some requirements that impose costs on small businesses. These requirements relate to license and permit fees, tax obligations, safety measures, and the carrying out of boxing and mixed martial arts events, among other things. This analysis only covers changes in economic impact on small businesses caused by the proposed rule. The proposed rule also imposes many requirements that have no fiscal impact on small businesses.

**Estimated Number of Small Businesses Affected:**

Under IC 4-22-2.1-5 and IC 5-28-2-6, a small business is any business entity where: (1) on at least 50% of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred and fifty (150) employees; and (2) the majority of the employees of the business entity work in Indiana.

Commission staff has identified 23 entities affected by this rule that qualify as small businesses under IC 5-28-2-6. This group consists of those entities defined under the proposed rule as "sanctioning bodies" of amateur mixed martial arts; "promoters" of professional boxing; "promoters" of professional mixed martial arts; and "promoters" of amateur mixed martial arts. The Commission has licensed five professional mixed martial arts promoters, 10 amateur mixed martial arts promoters, four professional boxing promoters, and four amateur mixed martial arts sanctioning bodies.

**Estimated Administrative Costs Imposed on Small Businesses:**

With the exception of those portions of the proposed rule relating to reporting, there are no administrative costs imposed on small businesses. Those portions of the proposed rule requiring reporting concern professional boxing and mixed martial arts and relate to licensing, event permits, surety bonds, taxes, tickets, medical benefit coverage, and accidental death benefit coverage. The portions of the proposed rule that impose reporting requirements on amateur mixed martial arts promoters relate to licensing, medical benefit coverage, and accidental death benefit coverage. Sanctioning bodies of amateur mixed martial arts are required to provide information to the Commission for licensing, as well as its proposed policies, internal controls, rules, and regulations for providing oversight at an event.

The average estimated administrative cost imposed on small businesses as a result of these portions of the proposed rule are negligible as they typically involve employees of the business contacting the Commission via phone or e-mail, or completing forms provided by the Commission.

**Estimated Total Annual Economic Impact on Small Businesses:  
Promoters of Professional and Amateur Mixed Martial Arts****Annual License Fee**

Promoters of professional and amateur mixed martial arts are required under the proposed rule and IC 4-33-22-17 to be licensed. To become licensed, promoters must pay the required annual license fee of \$300.

Assuming the number of professional mixed martial arts promoters (5) remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,500 (5 × \$300).

Assuming the number of amateur mixed martial arts promoters in Indiana (10) remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$3,000 (10 × \$300).

**Permit Application Fee**

Under [IC 4-33-22-14](#) and the proposed rule, promoters are required to obtain a permit in order to hold a professional mixed martial arts event. Under the proposed rule, in order to obtain a permit for each event, promoters are required to pay a permit application fee that is based on the number of seats available for the proposed event.

The graduated rates are provided below:

1-500 seats = \$50

501-1,000 seats = \$100

1,001-2,500 seats = \$150

2,501-10,000 seats = \$300

10,001 or more seats = \$500

Based on the 27 professional mixed martial arts events held in Indiana in FY 2011, the average venue for a professional mixed martial arts event has 1,811 seats. Therefore, the average cost for a promoter's event permit is \$150. Assuming the number of events and the average size of those events remain consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$4,050 ( $27 \times \$150$ ).

**Surety Bond**

Under the proposed rule, promoters of professional mixed martial arts are required to obtain a surety bond in an amount not less than \$10,000. Based on a survey of professional mixed martial arts promoters, the Commission estimates the average cost of obtaining a surety bond to be \$450. The cost of a surety bond will vary depending on the individual risk of each applicant. Assuming the number of professional mixed martial arts promoters remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$2,250 ( $5 \times \$450$ ).

**Television Tax**

Under the proposed rule and [IC 4-33-22-33](#), promoters holding or showing any mixed martial arts match or exhibition for viewing in Indiana on a closed circuit telecast, pay-per-view telecast, or subscription television that is viewed by subscribers who are not present in the venue shall pay a tax of three percent of the gross receipts. There have been two instances where a television tax has been imposed since the Commission has commenced regulation. In FY 2011, one professional boxing event occurred in which the Commission collected television tax in the amount of \$2,385 from promoter Wild Bill's Boxing on August 19, 2011. Under [IC 4-33-22-33](#), the money derived from the television tax is placed in the state general fund. The Commission would estimate that this number would be similar, provided a professional mixed martial arts promoter met the requirements under [IC 4-33-22-33](#).

**Gate Tax**

Under the proposed rule and [IC 4-33-22-32](#), a promoter of a professional mixed martial arts event must pay the gross gate receipts tax. Based on the 27 professional mixed martial arts events held in FY 2011, the average gross gate receipts tax imposed was \$1,516.11. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$40,935 ( $27 \times \$1,516.11$ ).

**Tickets**

Under the proposed rule, a promoter of a professional mixed martial arts event is required to print tickets displaying the ticket price, event date, and seating information. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule. Only two licensees responded and based on that information the Commission estimates that the average cost of printing tickets for one event is \$657.50. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$17,752.50 ( $27 \times \$657.50$ ).

**Medical Benefit and Accidental Death Benefit Coverage**

Under the proposed rule, a promoter of a professional or amateur mixed martial arts event must provide medical benefit coverage for each contestant for not less than \$10,000. A promoter of a professional or amateur mixed martial arts event must also provide accidental death benefit coverage for each contestant for not less than \$10,000. Deductibles must be paid by the promoter under the proposed rule.

In order to determine the approximate deductible and premium for medical benefit and accidental death benefit coverage for a minimum of \$10,000, the Commission contacted the two most-used insurance providers and averaged the quoted rates. Using this method, the average deductible with an insurance policy for a professional mixed martial arts event will be approximately \$1,000, while the average premium will be approximately \$1,170.

Assuming the number of events remains consistent, the estimated cost imposed for the deductible is \$27,000 ( $27 \times \$1,000$ ). The estimated cost imposed for the insurance premium is approximately \$31,590 ( $27 \times \$1,170$ ).

To estimate the cost imposed as a result of this portion of the proposed rule for amateur mixed martial arts events, the Commission utilized the same method listed above. Thirty-six amateur mixed martial arts events were held in FY 2011, and the estimated cost imposed for the deductible is approximately \$1,000. Assuming the number of events remains consistent, the estimated cost imposed for the deductible is \$36,000 ( $36 \times \$1,000$ ). The estimated cost imposed to pay the insurance premium is approximately \$862.50. Assuming the number of

events remains consistent, the estimated cost imposed as a result of the portion of the proposed rule requiring promoters of amateur mixed martial arts to pay the insurance premium is \$31,050 ( $36 \times \$862.50$ ).

#### **Life Support Ambulance**

Under the proposed rule, a promoter of a professional or amateur mixed martial arts event must provide one advanced life support ambulance and adequate medical personnel who are certified to staff the ambulance. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule. Only two licensees responded and based on that information the Commission estimates that the cost of providing one staffed advanced life support ambulance is \$535 per event.

Assuming the number of professional mixed martial arts events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$14,445 ( $27 \times \$535$ ).

Assuming the number of amateur events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$19,260 ( $36 \times \$535$ ).

#### **Venue Security**

Under the proposed rule, the promoter of a professional mixed martial arts event or the venue where the event is to take place must provide police or private security forces for the event. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule. Only two licensees responded and based on that information the Commission estimates that the cost of providing security forces for an event is \$662.50. Assuming the number of professional events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$17,887.50 ( $27 \times \$662.50$ ).

#### **Event Physician**

Under the proposed rule, a promoter of a professional or amateur mixed martial arts event must provide at least one event physician who is present at all times. Based on the 27 professional mixed martial arts events held in Indiana by Indiana promoters during FY 2011, the average amount paid to a physician is \$500. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$13,500 ( $27 \times \$500$ ).

The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule on amateur mixed martial arts promoters. Only two licensees responded and based on that information the Commission estimates that the cost of providing an event physician is \$500. Thirty-six amateur mixed martial arts events have been held in Indiana by Indiana promoters in 2011. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$18,000 ( $36 \times \$500$ ).

#### **On-site Regulation**

Under the proposed rule, a promoter of a professional mixed martial arts event must reimburse the Commission for on-site regulation in an amount not exceeding \$500, but the Commission may require additional reimbursement for actual expenses accrued. Based on the 27 professional mixed martial arts events held in Indiana by Indiana promoters in FY 2011, the average amount paid in reimbursement to the Commission was \$465.62. Assuming these numbers remain consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$12,571.74 ( $27 \times \$465.62$ ).

#### **Miscellaneous Supplies**

Under the proposed rule, a promoter of a professional mixed martial arts event must provide scales, gloves, hygienic gloves, cleaning solution, and means of disposing of items containing blood-borne pathogens. A promoter of a professional mixed martial arts event must also provide bottled water, ice, toenail clippers, and red and blue tape. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule. Only two licensees responded and based on that information, the estimated cost of each item is provided below.

**Scale.** According to our survey of licensees, licensees meet this requirement through a one-time purchase of a scale. The estimated cost of providing a scale assumes a one-time purchase for \$225. Because this portion of the proposed rule results in a one-time purchase, this cost will not be included in the estimated total annual cost.

**Gloves.** The estimated cost of providing gloves is \$903.20, annually. The estimated cost imposed as a result of this portion of the proposed rule is \$903.20.

**Latex Hygienic Gloves.** The estimated cost of providing latex hygienic gloves for an event is \$27.50. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$742.50 ( $27 \times \$27.50$ ).

**Cleaning Solution.** The estimated cost of providing cleaning solution for an event is \$16. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$432 ( $27 \times \$16$ ).

**Bottled Water.** The estimated cost of providing bottled water at an event is \$56. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,512 ( $27 \times \$56$ ).

**Toenail Clippers.** The estimated cost of providing toenail clippers for an event is \$18.50. Assuming the

number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$499.50 ( $27 \times \$18.50$ ).

**Ice.** According to our survey, the cost of providing ice at an event is negligible due to that fact that most venues provide an icemaker.

**Disposing of Blood-Borne Pathogens.** According to our survey, any cost associated with providing a means of disposing of items containing blood-borne pathogens is included in the cost of providing an event physician or a staffed ambulance.

#### **Weigh-In**

Under the proposed rule, a weigh-in witness may be needed for the official weigh-in of a professional mixed martial arts event. A promoter must compensate the individual who serves as a weigh-in witness. Based on the 27 professional mixed martial arts events held in Indiana by Indiana promoters in 2011, a weigh-in witness was used 14 times, with the average cost paid to the weigh-in witness being \$50. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$700 ( $14 \times \$50$ ).

#### **Announcer**

Under the proposed rule, a promoter of a professional mixed martial arts event must provide an announcer at an event. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule. Only two licensees responded and based on that information the Commission estimates that the cost of providing an announcer for an event is \$350. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$9,450 ( $27 \times \$350$ ).

#### **Laboratory Drug Tests**

Under the proposed rule, the promoter of a professional mixed martial arts event must ensure that all costs of obtaining a laboratory drug test are paid. Drug tests are administered to all participants in a championship bout. The Commission requires that all promoters utilize a 9 Panel Urine Test. Based on the 27 professional mixed martial arts events held in Indiana in FY 2011, the Commission determined that the test requires an average payment of \$69, per fighter. Two fighters participate in each championship bout and both are required to submit to a laboratory drug test.

In FY 2011, eight professional mixed martial arts championship bouts were held by Indiana promoters. Assuming the number of championship bouts remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,104 ( $16 \times \$69$ ).

#### **Caged or Ringed Fighting Area**

Under the proposed rule, a promoter of a professional mixed martial arts event must ensure that all bouts are held in a caged or ringed fighting area. The Commission conducted a survey of professional mixed martial arts promoters and based on that information, the Commission estimates that the cost of renting a caged fighting area for an event is \$1,600. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$43,200 ( $27 \times \$1,600$ ).

#### **Referee**

Under the proposed rule, a promoter of a professional mixed martial arts event is required to provide at least one referee, though the Commission may require more. The average cost of providing one referee is \$231.81. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$6,258.87 ( $27 \times \$231.81$ ).

#### **Timekeeper**

Under the proposed rule, a promoter of a professional mixed martial arts event must provide a minimum of one timekeeper for an event. The average cost of providing a timekeeper is \$97.38. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$2,629.26 ( $27 \times \$97.38$ ).

#### **Judges**

Under the proposed rule, a promoter of a professional mixed martial arts event must provide a minimum of three judges for each event. The average cost of providing a judge is \$185.38. Therefore, the cost of providing three judges per event is estimated to be \$556.14. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$15,015.78 ( $27 \times \$556.14$ ).

#### **Website Registry**

Under the proposed rule, a promoter of a professional mixed martial arts event and an amateur mixed martial arts event must register each event with the website registry certified and operated by the Association of Boxing Commissions, which requires a payment of \$100 per event. Twenty-seven professional events and 36 amateur events have been held in Indiana by Indiana promoters in FY 2011. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$6,300 ( $63 \times \$100$ ).

#### **Total Annual Economic Impact**

Based on the foregoing, the estimated total annual cost imposed on promoters of professional mixed martial arts who qualify as Indiana small businesses is estimated to be \$281,924.27. The estimated total annual cost imposed on promoters of amateur mixed martial arts who qualify as Indiana small businesses is estimated to be \$163,360.

**Sanctioning Bodies of Amateur Mixed Martial Arts****License Application Fee**

Under the proposed rule, amateur mixed martial arts sanctioning bodies are required to pay an annual licensing application fee of \$500. Assuming the number of sanctioning bodies in Indiana remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$2,000 (4 × \$500).

**Representative**

Under the proposed rule, a sanctioning body of amateur mixed martial arts must provide at least one representative from the sanctioning body to be present for on-site regulation of the event. Each sanctioning body is responsible for ensuring that all provisions of [IC 4-33-22-18](#) and the proposed rule are observed. The sanctioning body imposes the cost of sanctioning an event on the promoter and as a result, this portion of the proposed rule imposes zero costs on sanctioning bodies of amateur mixed martial arts.

**Total Annual Economic Impact**

Based on the foregoing, the estimated total annual cost imposed on sanctioning bodies of amateur mixed martial arts who qualify as Indiana small businesses is estimated to be \$2,000.

**Promoters of Professional Boxing****Annual License Fee**

Promoters of professional boxing are required under the proposed rule and [IC 4-33-22-17](#) to be licensed and must pay the required annual license fee of \$300. The previous rule governing professional boxing, [68 IAC 23](#), also required a promoter to obtain a license and renew that license bi-annually for a \$100 fee. Therefore, the proposed rule increases the license application fee for promoters by \$250, annually. Assuming the number of professional boxing promoters remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,200 (4 × \$300).

**Event Permit**

Under the proposed rule and [IC 4-33-22-14](#), promoters are required to obtain a permit in order to hold a boxing event. Under the proposed rule, in order to obtain a permit for each event, promoters are required to pay a permit application fee which is based on the number of seats available for the proposed event.

The graduated rates are provided below:

1-500 seats = \$50

501-1,000 seats = \$100

1,001-2,500 seats = \$150

2,501-10,000 seats = \$300

10,001 or more seats = \$500

Based on the seven professional boxing events held in Indiana in FY 2011, the average venue had 3,066 seats. As a result, the average cost to a promoter for obtaining an event permit was \$300. Assuming the number of events held and the size of those events remain consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$2,100 (7 × \$300).

**Surety Bond**

Under the proposed rule, promoters of professional boxing are required to obtain a surety bond in an amount not less than \$10,000. In order to determine the cost of obtaining a surety bond, the Commission solicited information from promoters of professional boxing but received no responses. Based on input received from those in a similar but not identical industry (professional mixed martial arts), the Commission estimates the average cost of obtaining a surety bond to be \$450. The Commission has four licensed professional boxing promoters. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,800 (4 × \$450).

**Television Tax**

Under the proposed rule and [IC 4-33-22-33](#), promoters holding or showing any boxing match or exhibition for viewing in Indiana on a closed circuit telecast, pay per view telecast, or subscription television that is viewed by subscribers who are not present in the venue shall pay a tax of three percent of the gross receipts. There was one promoter that conducted such an event in FY 2011 that met the requirement to pay the television tax. The amount of the payment was \$2,385.

**Gross Gate Receipts Tax**

Under [IC 4-33-22-32](#) and the proposed rule, a promoter of a professional boxing event must pay the gross gate receipts tax. The statute has consistently required a five percent tax be paid on gross gate receipts, and the proposed rule clarifies how certain situations, such as lost or misplaced tickets, is handled with respect to the gate tax. Thus, additional economic impact is not necessarily expected, but is included for the sake of completeness.

The average gross gate receipts tax imposed on promoters in FY 2011 was \$2,654.89. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$18,584.23 (7 × \$2,654.89).

**Tickets**

Under the proposed rule, a promoter of a professional boxing event is required to print tickets for each event displaying the ticket price, event date, and seating information. In order to determine the cost of printing tickets, the Commission solicited information from promoters of professional boxing but received no responses. Based on input received from those in a similar but not identical industry (professional mixed martial arts), the Commission estimates the cost of printing tickets for an event is \$657.50. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$4,602.50 ( $7 \times \$657.50$ ).

#### **Medical Benefit and Accidental Death Benefit Coverage**

Under the proposed rule, a promoter of a professional boxing event must provide medical benefit coverage for each contestant for not less than \$10,000. A promoter of a professional boxing event must also provide accidental death benefit coverage for each contestant for not less than \$10,000. Deductibles also must be paid by the promoter under the proposed rule.

In order to determine the approximate deductible and premium for medical benefit and accidental death benefit coverage for a minimum of \$10,000, the Commission contacted the two most-used insurance providers and averaged the quoted rates. Using this method, the average deductible with an insurance policy for a boxing event will be approximately \$875, while the average premium will be approximately \$1,103.75.

Assuming the number of events remains consistent, the estimated cost imposed for the insurance deductible will be approximately \$6,125 ( $7 \times \$875$ ). The estimated cost imposed for the insurance premium will be \$7,726.25 ( $7 \times \$1,103.75$ ).

#### **Venue Security**

Under the proposed rule, the promoter of a professional boxing event, or the venue where the event is being held, must provide police or private security forces for the event. In order to determine the cost of providing venue security, the Commission solicited information from promoters of professional boxing but received no responses. Based on input received from those in a similar but not identical industry (professional mixed martial arts), the Commission estimates the cost of providing security forces for an event is \$662.50. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$4,637.50 ( $7 \times \$662.50$ ).

#### **On-site Regulation**

Under the proposed rule, a promoter of a professional boxing event must reimburse the Commission for on-site regulation in an amount not exceeding \$500, but the Commission may require additional reimbursement, for actual expenses accrued. Based on the seven professional boxing events held in Indiana by Indiana promoters in FY 2011, the average amount paid in reimbursement to Commission was \$618. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$4,326 ( $7 \times \$618$ ).

#### **Miscellaneous Supplies**

Under the proposed rule, a promoter of a professional boxing event must provide scales, gloves, hygienic gloves, cleaning solution, bottled water, ice, and means of disposing of items containing blood-borne pathogens. The Commission conducted a survey of a cross-section of licensees to ascertain the fiscal impact of the proposed rule but no professional boxing promoters responded. As a result, the Commission has reached cost estimates for each item based on the responses provided by promoters in a similar but not identical industry (professional mixed martial arts). These estimates are provided below.

**Scale.** According to our survey of licensees, licensees meet this requirement through a one-time purchase of a scale. The estimated cost of providing a scale is \$225. Because this portion of the proposed rule results in a one-time purchase, this cost will not be included in the estimated total annual cost.

**Gloves.** The estimated cost of providing gloves is \$903.20, annually. The estimated cost imposed as a result of this portion of the proposed rule is \$903.20.

**Latex Hygienic Gloves.** The estimated cost of providing latex hygienic gloves for an event is \$27.50. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$192.50 ( $7 \times \$27.50$ ).

**Cleaning Solution.** The estimated cost of providing cleaning solution for an event is \$16. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$112 ( $7 \times \$16$ ).

**Bottled Water.** The estimated cost of providing bottled water at an event is \$56. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$392 ( $7 \times \$56$ ).

**Ice.** According to our survey, the cost of providing ice at an event is negligible due to that fact that most venues provide an icemaker.

**Disposing of Blood-Borne Pathogens.** According to our survey, any cost associated with providing a means of disposing of items containing blood-borne pathogens is included in the cost of providing an event physician or a staffed ambulance.

#### **Weigh-In**

Under the proposed rule, a weigh-in witness may be needed for the official weigh-in of a professional boxing event and promoter must compensate the individual who serves as a weigh-in witness. Based on the seven



professional boxing events held in FY 2011, a weigh-in witness was used two times, with the average cost paid to the weigh-in witness being \$50. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$100 ( $2 \times \$50$ ).

#### **Announcer**

Under the proposed rule, a promoter of a professional boxing event must provide an announcer. In order to determine the cost of providing an announcer, the Commission solicited information from promoters of professional boxing but received no responses. Based on input received from those in a similar but not identical industry (professional mixed martial arts), the Commission estimates the cost of providing an announcer for an event is \$350. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$2,450 ( $7 \times \$350$ ).

#### **Laboratory Drug Test**

Under the proposed rule, a promoter of a professional boxing event must ensure that all costs of obtaining a laboratory drug test are paid. Drug tests are administered to all participants in a championship bout. The Commission requires that all promoters utilize a 9 Panel Urine Test. Based on the seven professional boxing events held in FY 2011, the Commission determined that the test requires an average payment of \$69, per fighter. Two fighters participate in each championship bout and both are required to submit to a laboratory drug test.

In FY 2011, four professional boxing championship bouts were held and assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$552 ( $8 \times \$69$ ).

#### **Ringed Fighting Area**

Under the proposed rule, promoters of a professional boxing event must ensure that all bouts are held in a ringed fighting area. It is likely that this will not cause any additional economic impact on promoters, as in the past promoters generally provided the boxing ring. However, for the sake of completeness, it has been included in the analysis.

In order to determine the cost of providing a ringed fighting area, the Commission solicited information from promoters of professional boxing but received no responses. Based on input received from those in a similar but not identical industry (professional mixed martial arts), the Commission estimates the cost of renting a ringed fighting area for an event is \$1,600. Assuming the number of events remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$11,200 ( $7 \times \$1,600$ ).

#### **Referee**

Under the proposed rule, a promoter of a professional boxing event is required to provide at least one referee, though the Commission may require more. Based on the seven professional boxing events held in FY 2011, the Commission estimates that the cost of providing a referee is \$219.64, per event. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$1,537.48 ( $7 \times \$219.64$ ).

#### **Timekeeper**

Under the proposed rule, a promoter must provide a minimum of one timekeeper for an event. The Commission estimates that the cost of providing a timekeeper for an event is \$92.86. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$650.02 ( $7 \times \$92.86$ ).

#### **Judges**

Under the proposed rule, a promoter of a professional boxing event must provide a minimum of three judges for each event. The average cost of providing a judge is \$176.14. Therefore, the cost of providing three judges per event is estimated to be \$528.42. Assuming this number remains consistent, the estimated cost imposed as a result of this portion of the proposed rule is \$3,698.94 ( $7 \times \$528.42$ ).

#### **Total Annual Economic Impact**

Based on the foregoing, the estimated total annual cost imposed on promoters of professional boxing who qualify as Indiana small businesses is estimated to be \$77,389.12.

### **Estimated Total Annual Economic Impact on Small Businesses**

Based on the foregoing, the estimated total annual cost imposed, including administrative costs, on all Indiana small businesses as a result of the proposed rule will be approximately \$524,673.39 ( $\$281,924.27 + \$163,360 + \$77,389.12 + \$2,000$ ).

### **Justification of Requirements or Costs**

#### **Professional Mixed Martial Arts and Boxing Promoters**

##### **Safety Measures**

Under [IC 4-33-22-10](#), the Commission shall ensure the safety of participants in sparring, boxing, and unarmed combat matches or exhibitions in the state of Indiana. In order to ensure the safety of participants, the proposed rule requires promoters to provide the following:

1. Medical benefit and accidental death insurance coverage and pay the deductibles associated with such

coverage.

2. A staffed advanced life support ambulance.

3. Venue security.

4. An event physician.

5. Laboratory drug tests for participants.

6. Gloves, scales, hygienic gloves, cleaning solution, and a means of disposing of items containing blood-borne pathogens.

7. Bottled water, ice, toenail clippers, and red and blue tape.

#### **Annual License Fee**

Under the proposed rule, promoters must pay an annual license fee. Under [IC 4-33-22-14](#) and [IC 4-33-22-17](#), all applicants for licensure, must obtain a license in order to participate, directly or indirectly, in any boxing, sparring, or unarmed combat match and must pay the annual license fee. This portion of the proposed rule is proposed in order to comply with these provisions of [IC 4-33-22](#).

#### **Permit Application Fee**

Under the proposed rule, promoters must pay an event permit application fee. This portion of the rule is proposed in order to assist in compliance with [IC 4-33-22-14](#), which requires a person to obtain a permit from the Commission before conducting any particular boxing, sparring, or unarmed combat match or exhibition.

#### **Gate Tax**

Under [IC 4-33-22-32](#) and under the proposed rule, promoters are required to pay the gross gate receipts tax.

#### **Television Tax**

Under [IC 4-33-22-33](#) and under the proposed rule, promoters are required to pay the television tax.

#### **Tickets**

Under the proposed rule, promoters are required to print tickets for each event. This requirement is imposed in order to ensure promoters' compliance with [IC 4-33-22-37](#), which states that all tickets must clearly show their purchase price and that it is unlawful to admit to a contest a number of people greater than the seating capacity of the venue where the contest is held.

#### **Referee**

Under [IC 4-33-22-27](#)(d) and under the proposed rule, promoters are required to provide at least one referee paid for by the promoter.

#### **Judges**

Under [IC 4-33-22-27](#)(e) and under the proposed rule, promoters are required to provide at least three judges paid for by the promoter.

#### **On-site Regulation**

Under the proposed rule, promoters are required to reimburse the Commission for on-site regulation in an amount not exceeding \$500, but the Commission may require additional reimbursement for actual expenses accrued. This requirement is also imposed by [IC 4-33-22-32](#)(a)(3), which states that every person, club, association, corporation, or firm that may conduct a match or exhibition shall pay, within 24 hours after the match or exhibition, all fees established by the Commission necessary to cover the administrative costs of its regulatory oversight function.

#### **Surety Bond**

Under the proposed rule, promoters are required to obtain a surety bond in an amount not less than \$10,000 on a form prescribed by the Commission. This requirement is imposed as a result of [IC 4-33-22-32](#)(b) which states, "[b]efore any license is granted for any boxing, sparring or unarmed combat match or exhibition in Indiana, a bond or other instrument that provides financial recourse must be provided to the Commission". The instrument must be in an amount determined by the Commission and approved as to form and sufficiency of the sureties by the Commission. See [IC 4-33-22-32](#)(b).

#### **Weigh-in**

Under [IC 4-33-22-36](#) and under the proposed rule, promoters are required to provide a weigh-in before each event. According to this statute, "[t]he Commission shall determine the weights and classes of boxers and unarmed competitors and the rules and regulations of boxing and unarmed combat".

#### **Timekeeper**

[IC 4-33-22-27](#) sets the maximum amount of time rounds at an event may last and the minimum amount of time that may be given in between rounds. In order to ensure compliance with [IC 4-33-22-27](#), the Commission requires promoters to provide a timekeeper for each event.

#### **Announcers**

Announcers have traditionally been an important part and integral aspect of boxing and mixed martial arts events. Promoters are required to provide an announcer for each event in order to ensure professionalism, as well as to uphold the integrity of boxing and mixed martial arts in Indiana.

#### **Physician**

The proposed rule requires mixed martial arts and boxing promoters to provide a minimum of one event physician at an event. This portion of the rule is proposed in order to ensure compliance with [IC 4-33-22-27](#)(a),



which requires participants to be examined within two hours before entering the ring by a competent physician appointed by the Commission. This requirement is also imposed by the proposed rule in order for the Commission to "ensure the safety of participants in sparring, boxing, and unarmed combat matches or exhibitions in the state of Indiana". See [IC 4-33-22-10](#).

#### **Life Support Ambulance**

The proposed rule requires mixed martial arts and boxing promoters to provide one staffed advanced life support ambulance. This requirement is imposed by the proposed rule in order for the Commission to "ensure the safety of participants in sparring, boxing, and unarmed combat matches or exhibitions in the state of Indiana". See [IC 4-33-22-10](#).

#### **Medical Benefit and Accidental Death Benefit Coverage**

The proposed rule requires mixed martial arts and boxing promoters to provide medical benefit coverage and accidental death benefit coverage for each fighter participating at an event. This requirement is imposed by the proposed rule in order for the Commission to "ensure the safety of participants in sparring, boxing, and unarmed combat matches or exhibitions in the state of Indiana". See [IC 4-33-22-10](#). This requirement was also imposed under [68 IAC 23](#).

### **Amateur Mixed Martial Arts Sanctioning Bodies**

#### **Licensing Fee**

Under the proposed rule, promoters and sanctioning bodies must pay an annual license fee. Under [IC 4-33-22-14](#) and [IC 4-33-22-17](#), all applicants for licensure, must obtain a license in order to participate, directly or indirectly, in any boxing, sparring, or unarmed combat match and must pay the annual license fee. This portion of the proposed rule is proposed in order to comply with these provisions of [IC 4-33-22](#).

#### **Representative**

Under the proposed rule, at least one representative from the sanctioning body must be present for on-site regulation of each event. This requirement is imposed because a sanctioning body would be unable to effectively meet its obligations in sanctioning an amateur mixed martial arts event without having a representative present.

#### **Medical Benefit and Accidental Death Benefit Coverage**

The proposed rule requires amateur mixed martial arts promoters to provide medical benefit coverage and accidental death benefit coverage for each fighter participating at an event. This provision is intended to comply with the requirements of [IC 4-33-22-18\(e\)\(3\)](#). This requirement is also imposed by the proposed rule in order for the Commission to "ensure the safety of participants in sparring, boxing, and unarmed combat matches or exhibitions in the state of Indiana". See [IC 4-33-22-10](#).

#### **Safety Measures**

The proposed rule imposes several medical-related safety measures that are intended to comply with [IC 4-33-22-18\(e\)](#), which requires the following at each event:

- (1) A medical doctor licensed under [IC 25-22.5](#);
- (2) The presence of an ambulance;
- (3) Medical and life insurance to be carried for each participant; and
- (4) The need for medical tests, including:
  - (A) tests for HIV;
  - (B) pregnancy tests for women participants; and
  - (C) screening tests for illegal drugs.

### **Regulatory Flexibility Analysis**

The Commission considered alternative methods of achieving the purpose of the proposed rule which are less intrusive or costly. Specifically, the Commission has considered the following for each of the changes in the proposed rule:

1. The establishment of less stringent compliance or reporting requirements for small businesses.
2. The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.
3. The consolidation or simplification of compliance or reporting requirements for small businesses.
4. The establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities.
5. The exemption of small businesses from part or all of the requirements or costs imposed by the rule.

There are no alternative methods of achieving the purpose of the proposed rule that are less intrusive or costly that also maintains the level of regulation necessary to ensure the safety of participants in boxing and mixed martial arts events. There are not less stringent compliance, reporting, scheduling, or deadline requirements for promoters and sanctioning bodies that would ensure the safety of participants in boxing and mixed martial arts events. There are no feasible options to consolidate or simplify compliance or reporting requirements. Further, there is no way to set performance standards for small businesses that ensures the safety of participants in boxing and mixed martial arts events. Exemption of promoters and sanctioning bodies would

severely undermine the Commission's ability to regulate boxing and mixed martial arts and ensure the safety of participants. Therefore, no less intrusive or less costly methods of achieving the purpose of the proposed rule, which is to ensure the safety of participants in as well as the fairness and integrity of boxing and mixed martial arts events in Indiana.

*Posted: 05/09/2012 by Legislative Services Agency*

An [html](#) version of this document.